

25X1

Approved For Release 2006/09/26 : CIA-RDP85T00875R001900010046-7

Approved For Release 2006/09/26 : CIA-RDP85T00875R001900010046-7

2-5716

25X1

25X1

CIA/OER / S-05716-73

CIA No. 7333

28 November 1973

[Redacted]

25X1

MEMORANDUM FOR: Mr. Edward Djeredian, NEA/INR  
Room 6250 A  
Department of State

[Redacted]

SUBJECT : Syria: Economic Impact of the War  
and Prospects for Recovery

[Redacted]

25X1

1. In response to your request, we are forwarding a brief analysis of the economic effects on Syria of the recent conflict for use in preparing a briefing paper on this subject.

25X1

2. Should you desire any additional information or have any questions, please contact [Redacted]

[Redacted]

25X1

25X1

[Redacted]

Chief, Near East/Africa Branch  
Developing Nations Division  
Office of Economic Research

Attachment:  
As stated above

Distribution: (S-Project 5716)

Orig. & 1 - Addressee

1 - D/OER

1 - SA/ER

1 - Ch/D/D

✓ 1 - St/P/C

2 - D/NE

25X1

OER/D/NE:

[Redacted]

(27 November 1973)

[Redacted]

25X1

Syria: Economic Impact of the War and Prospects  
for Recovery

The Syrian economy sustained large but by no means crippling damage from the recent conflict. The direct and indirect economic and military costs probably will approach \$1 billion, roughly equivalent to half of Syria's annual output.

Direct damage to petroleum and other industrial facilities, roads, railroads, bridges, and communications is estimated at \$225 million. The petroleum storage facilities at Hims, Baniyas, Latakia, and Tartus were hit hard, with destruction or damage of about one-fifth of the refined and half of the crude petroleum storage capacity. Contrary to numerous reports, the oil refinery at Hims was not destroyed, although it was rendered inoperable by damage to nearby power and storage facilities. Roughly half of Syria's electric power capacity was knocked out by Israeli air strikes on the important Qattinah powerplant near Hims and the Al Hami powerplant near Damascus.

Indirect economic losses could reach \$350 million. This would include losses in production and oil transit fees of about \$250 million. Although transit of Iraqi

~~SECRET~~

oil exports via the Syrian port of Baniyas have been resumed at a limited rate, losses to Syria in transit fees could amount to \$50 million. The loss in exports probably will not exceed \$100 million this year -- about 40% of 1972 exports. Although reduced imports will help to offset a poor export performance, Syria will end the year with a large trade deficit.

Direct losses in military equipment amounted to at least \$200 million.\* Damage inflicted on a number of Syrian military installations would raise the total of direct losses to less than \$400 million.

Reports of aid from Arab oil producing countries are unclear but suggest that as much as \$1.6 billion already may have been pledged to Syria. In any event it seems likely that other Arab states will provide enough aid to cover Syria's economic and military losses. In addition, the Arab countries have been providing Syria with badly needed petroleum, as well as food, medicines, and medical teams.

Economic recovery will be aided by the lack of damage to agriculture, which supplies much of Syria's national output. Syria had either harvested or sown

25X1

most of its major crops before the war began. Although the 1973 wheat crop was well below earlier record levels, food supplies appeared to be good throughout the hostilities. Disruptions in supply and transportation should gradually be overcome, and industrial cutbacks caused by direct damage or power losses probably will be restored next year. Financial inflows from other Arab countries will allow Syria to strengthen foreign exchange reserves by the end of the year. Prior to hostilities, Syria's reserves amounted to about \$150 million, comparable to about 3 months imports.

CIA/OER  
27 November 1973